

shall be discontinued. Cooperative associations, corporations and partnerships shall be organized pursuant to state, federal or tribal law. Cooperative associations, corporations, and partnerships applying for a guaranteed or insured loan to purchase, establish or operate an economic enterprise on a reservation must comply with the requirements of applicable rules, resolutions, or ordinances enacted by the governing body of the tribe, if applicable.

[40 FR 12492, Mar. 19, 1975; 40 FR 20952, May 15, 1975. Redesignated at 47 FR 13327, Mar. 30, 1982, as amended at 57 FR 46473, Oct. 8, 1992]

**§ 103.8 Eligible individuals.**

Indians who are members of tribes recognized by the federal government as eligible for services from the Bureau of Indian Affairs are eligible for guaranteed or insured loans. Individuals applying for a guaranteed or insured loan to purchase, establish or operate an economic enterprise on a reservation must comply with the requirements of applicable rules, resolutions or ordinances enacted by the governing body of the tribe.

[54 FR 34975, Aug. 23, 1989]

**§ 103.9 Eligible lenders.**

(a) Those financial institutions subject to examination and supervision by an agency of the United States, a state, or the District of Columbia, having the capacity to evaluate, process, disburse, and service loans, and Indian tribes making loans from their own funds to other tribes or organizations of Indians, are eligible to have loans insured under this part 103. Loans made by any lender regularly engaged in making loans, having the capacity to accept and process applications and service loans, and which lender is satisfactory to the Commissioner, may be guaranteed. Any national bank or federal savings and loan association, or any bank, trust company, building and loan association, or insurance company authorized to do business in the District of Columbia may make any loan of which at least 20 percent is guaranteed under this part 103 without regard to the limitations and restrictions of any other federal statute with respect to:

- (1) Ratio of amount of loan to the value of the property;
- (2) Maturity of loans,
- (3) Requirement of mortgage or other security,
- (4) Priority of lien, or
- (5) Percentage of assets which may be invested in real estate loans.

(b) Any guaranty certificate issued pursuant to this part 103 or any loan insured pursuant to an agreement with a lender approved in accordance with this part 103 shall be conclusive evidence that the loan was eligible for guaranty or insurance.

**§ 103.10 Ineligible loans.**

The following loans are not eligible for guaranty or insurance under this part 103:

- (a) Loans made by any agency or instrumentality of the federal government.
- (b) Loans made by an organization of Indians making loans from funds borrowed from the United States.
- (c) Loans where the interest income is not included as taxable income under chapter 1 of the Internal Revenue Code of 1954 as amended.
- (d) Loans with repayment terms exceeding thirty years.
- (e) Loans which are linked to Federally tax-exempt bond obligations.
- (f) Loans to a borrower whose equity, as defined in § 103.1, in the business being financed is less than 20 percent.

[40 FR 12492, Mar. 19, 1975. Redesignated at 47 FR 13327, Mar. 30, 1982, as amended at 57 FR 46473, Oct. 8, 1992]

**§ 103.11 Guaranteed loans.**

Loans, except those excluded in § 103.10, made by any lender meeting the requirements of § 103.9(a), which are satisfactory to the Commissioner may be guaranteed. Applications for guaranty will be considered on a loan by loan basis. No guaranty shall be effective until issuance of a guaranty certificate by the Commissioner and receipt of the guaranty premium from the lender. A guaranty certificate shall be issued only when, in the judgment of the Commissioner, there is a reasonable prospect of repayment of the loan.